

Total Respect Management: An Innovative Engineering Management Practice to Deal with the Complexities and Society's Expectations of Today's Industrial Activities

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Abstract

Do the right things right for the right reasons. This is how one could summarise Total Respect Management. It is combining leadership (doing things for the right reasons), management (doing the right things) and excellence (doing things right). In order to achieve this, it is paramount to possess the right attitude and a high quality of perception. Perception determines what is perceived and how this is dealt with. ISO 31000, the organisational alignment model and the KARAF® model, support individuals and organisations in achieving a proper attitude and higher quality of perception, leading to better and sustainable results.

Keywords

Total Respect Management; Risk Management; Performance Management; Sustainability Management

Introduction: The Quality of Decisions and the Influence of Risks

If one refers to the definition of risk according to ISO 31000 (ISO, 2009) it is a very clear and precise definition. It is an excellent result of a long debate among risk specialists all over the world. It goes as follows:

"Risk is the effect of uncertainty on achieving objectives!"

The first conclusion resulting from this definition is that everybody and every organization encounters risks, since there exists no certainty and nobody or no organization is completely without any objective (having the meaning 'something that humans value'). So one way or another, everyone, individually or within any organization, will always have to deal with

risks.

The second conclusion which can be drawn from this definition, is the fact that risks are all about someone's or an organization's objectives. It allows us to look at risk in different ways rather than we have been used to.

As a fact, there are two sides of risk. So, when considering objectives, there are two parts that need to be understood. Firstly there is the objective itself. Each objective brings its own purpose and benefits. This is the risk to be taken. It is the positive effect which will be achieved when a goal is attained or a purpose is fulfilled. It is everything that will be gained or realized when accomplishing or reaching an objective. The higher the gain and the uncertainty on reaching a goal, the bigger the risk one takes.

Another aspect of risk and objectives is the path to be followed to reach such a goal and the negative effects that can be endured on the way towards the objective and also the negative consequences which will result from the realization of the goal itself. This is the risk one runs! It is everything that increases costs and can be lost on the way towards or when reaching the objective. It is very important to separate the risks one takes from the risks one runs. It allows someone or an organization to get a clear perspective on the total risk involved!

Risks-taking is the results of choices, while the risks-running is part of the consequences of these choices. Taking risk is a deliberate act, driven by what is valued. While running risks is more passive and is usually undergone or to be feared.

Why is this distinction important? Because risk is important to all individuals and organizations. It is the fine balance between the risks to take and the risks possibly to run that drives decisions. And every day individuals take hundreds or even thousands of decisions that will determine themselves and their organizations' results. A clear vision on the risks which an organization can take and the risks it will run, provides the foundation for excellent decisions that will allow growth and benefits!

Furthermore, there is also the aspect of uncertainty. Uncertainty means the future cannot be predicted. There is no possibility to know with high accuracy whether intended values will be reached or whether fearful things will happen. However, there are many tools and methods, that will provide for additional insights in the situational context as well as in potential risk factors. In fact, every risk management tool is designed to gain more awareness of reality as it is. It increases the quality of perception. It provides better insights in the risk factors involved and decreases uncertainty.

Perception is the map of reality in one's brain. It is also how risks are viewed upon, and this in two specific ways. First risks need to be discovered. The higher the quality of one's perception is the more risks one can discern. It allows becoming aware of the risks that can be taken and the risks possibly to run. Secondly, a higher quality of perception also provides an insight in the likelihood of events happening. So, when managing risks, it is important to increase the quality of perception.

Perception also drives risk attitude. It is individuals' and organizations' perception that decides what is valuable and it establishes how the context is interpreted. It is perception that influences the way that risk is assessed and managed as it determines the outcome of decisions. There is only perception to go by, as the absolute and fully comprehensive reality itself is out of reach for anyone!

The KARAF model and the Organisational alignment model, both explained further in this paper, will help to achieve a higher quality of perception at all levels of an organisation. It will allow getting a better insight in the context and in risk factors in combining views of different stakeholders. It allows discovering new opportunities or defining and improving on objectives, as well as uncovering hazards and improvement on risk controls. Total Respect Management (TR³M), encompassing the KARAF model and the

Organisational alignment model, does this at all levels of any organisation.

Measuring the Quality of Decisions: Risk Management Performance

How is risk management performance measured? It is a question one could ask when implementing risk management in any organisation. How can effectiveness be noticed and how can its return on investment be calculated? In other words, How can be assessed whether the quality of perception is at the desired level?

According to ISO 31000 (ISO, 2009), 'risk' is "the effect of uncertainty on achieving objectives" (as already mentioned in the introductory section), and 'risk management' is "the whole coordinated activities to direct and control an organization with regard to risk". It means that risk management is how to manage achievement of objectives and this depends entirely on the quality of the perception at hand.

All management is actually risk management. Because management in the strict sense is nothing more or nothing less than to manage your objectives. Hence, managing an organisation is to manage its objectives and most of all the effects of uncertainty on these objectives. Without objectives, there is no need for management and no need for an organisation!

Management performance is often measured with KPI's (Key Performance Indicators). These are measureable variables which best describe an organisation's performance. In a way, it indicates management performance and therefore also risk management performance. When results get improved, it confirms that risk management has been effective.

But there are also the negative effects that come with the objectives. What indicators can be found that describe these effects? Risk management is also a way to reduce uncertainty and negative effects, so any variable that describes these effects or the level of uncertainty involved, can also be used as indicators. One could say these are the Key Risk Indicators (KRI's).

In our view, KPI's can be used to measure the effectiveness of risk management regarding the risks taken, whereas KRI's indicate the effectiveness of risk management regarding the risks running. Both are important. KPI's will lead towards the profit looked for, whereas KRI's will inform about unwanted cost and incurred losses.

So, KPI's are the variables that best describe the achievement of your objectives and KRI's are the most important variables that describe the threats your objectives are vulnerable for. Combining both will give the best view on risk management performance over time and the quality of perception of decision makers.

Continuously Improving the Quality of Decisions: the Concept of 'Total Respect Management'

To reach a high quality of perception, a more developed way of thinking is needed. In the complex world we are living nowadays, there rarely are simple cause-effect relationships. It means decision making has become more difficult and an adapted approach is needed. Complex issues require a systemic approach.

Decision makers mostly use logical and analytical methods instead of systemic methods. They react to what they see and take the logical decisions that seem appropriate. Unfortunately, complexity and change often cover-up the real causes of issues at hand. What managers see, is often merely the symptoms of what really happens. This means that one doesn't always receive the anticipated return on investment, and that resources are lost and that value creation is sub-optimal.

Total Respect Management (TR³M™) is a systemic approach, covering every aspect of managing and governing enterprises or organisations. Systemic is not the same as systematic! Systematic, orderly and analytical thinking, builds on the logical sequence of cause and effect in an isolated situation. A systematic approach leads to conclusions as a result of obvious sequences of events. Systemic thinking or systems thinking on the contrary considers the whole system, maps the interaction of the perceived system elements involved and subsequently analyses on what effects these interactions and possible delays can be imposed on the whole system.

A systemic approach looks for as many elements as possible which have an influence on the situation. Then it studies the delays, the limiting factors and their effects which are inherent to the system. Finally it explores which interaction exists between elements and factors.

Hence, it is possible to analyse the whole system and look for those items which allow reaching an optimum balance between effort and results. Next, one can

influence those elements which have a maximum effect on the system and a minimum overall cost. A systemic way of dealing with reality is looking at the big picture firstly. It requires much more data and a much wider view on what is happening.

Most of the time one person have is not enough to handle the amount of required data, feedback and information to get the picture right. It involves teamwork and trust between people to get as close as possible to the truth. It demands a high quality of perception. This is only feasible when people respect each other, as respect is an essential foundation for bestowing trust upon people and without trust, information will not flow and the quality of perception will be low.

Respect comes from the Latin word *respicere* and means to look again or have a better look at something. For TR³M, respect means having a better look at things and a positive and dedicated attention for someone or something. It means one is truly interested in the subject and interceding with positive intentions. Respecting people, profit and the planet is what Total Respect Management is really about.

Respecting people, implies that one has to respect him or herself at first. Self respect and self leadership are the starting point in Total Respect Management. For any organisation, Respect and Leadership are the initial focus and first step to take.

Self leadership is a highly sought after characteristic when hiring new employees. It is a necessary quality and it can be developed. It means that one is able to determine goals, to decide and to take action. It is paramount, to develop the required leadership skills at all levels of an organisation when applying TR³M. Because at each level of the organisation people will need the skills to set goals, to decide and to take action. Thus, Leadership is the first component of the TR³M method and it is critical to its success.

Establishing goals, will allow determining the risks involved. With the right focus and tools available, managers can enhance their quality of perception on the issues involved. Respected co-workers are able and will contribute to this process, and as a consequence, risks can be optimised for maximum success and benefit. This is the second component of the method. Leadership and risk management will allow management and co-workers to choose inspiring objectives, optimise the risks involved and increase the profit.

Taking risks is the positive action that will bring the positive results, the possible gain in the process. On the other hand the risks running is the costs and worse, the losses one encounters when taking or refraining from action. The net result is added value. Therefore, managing risks is the prime factor to increase this value!

Moreover, when leadership and management are ways to respect people and profit, excellence is the way to respect the planet, because sustainability is a component and a result of excellence. As we see it, a certain lack of respect and understanding in past centuries is the origin of a lot of present problems. Due to a lower quality of perception, the quick wins in the past, discounting the risks running on the human and environmental level, led to the unsustainable situation of today. Something has to be done about it as soon as possible and feasible, since in solving problems it is always a matter of "pay me now or pay me later", later always being the more expensive choice.

Therefore, the final yardstick for sustainable success is excellence. Each goal involves risks and finally brings results. These results can be analysed and scored against specific characteristics of excellence. It is the feedback you need to see whether improvements are effective and going in the right direction. TR³M considers seven characteristics of excellence that can be attributed to any product(ion) or service. These seven elements are: quality, effectiveness, efficiency, productivity, safety (including security), ergonomics and ecology, where the latter three factors are the ones that influence sustainability most. These intrinsic values are the prime KPI's and KRI's to be considered, because they will indicate the performance of (risk)management and sustainability. These values will determine results in the long run.

TR³M aims to be a model, a method, a strategy, a systemic approach, which manages complexity and brings solutions that are successful, with a higher profit, increased sustainability and reduced overall cost as a result. This is needed to create the value which is required to discontinue the downward spiral our environment and economies are experiencing today.

Organisations, enterprises, companies, are all complex systems, operating in a complex environment. They obviously need a systemic approach to get optimum results. The ultimate purpose of TR³M is to create and inspire wealthy conscious contributing to companies that deliberately add increased value to the world in a

sustainable way, contributing freely to society. It is a way to repay past debts and move forward.

Total Respect Management in Practice: the Organizational Alignment and KARAF Model

The Organisational Alignment Model

The systemic approach which TR³M proposes, starts with awareness and alignment of all members with the mission and vision of an organisation. It will enhance their ability to choose wisely and decide quickly when it comes to setting goals and taking decisions.

Alignment is the process and finally the result, when aligning logical levels of awareness at an individual and organisational level. Although it seems easy, this is not an easy process. The model displayed in Figure 1, is based upon the concept of logical levels of Bateson and Dilts (Merlevede and Vandamme, 1999) and indicates how this alignment works.

This organisational alignment model constitutes of three pillars, each representing specific areas of alignment. In the middle is the pillar representing the individuals in the organisation. Each person has its specific logical level alignment structure. This structure doesn't necessarily coincide or fit with the organisation's ambitions, values or required competences. The more these structures differ, the more difficulties will be encountered at the personal level and with behaviour within the organisation.

The left side of the model represents the management side of an organisation. Managing organisations is done by executing a strategy, whether it is an explicit one or not. Strategy can also be described by its logical levels of awareness. Results come from the execution of tasks, tasks result from procedures and procedures are shaped by the processes that make the strategy work.

When a strategy is explicit, well-defined and clearly reflected in all its processes and procedures, tasks are clear and well-defined as well. It boosts performance and leads to excellent results when these logical levels are nicely aligned. When there is no explicit strategy or if it is unclear, processes are unclear as well and a lack of structure, defined procedures and clear tasks, will lead to sub-optimal results.

Finally, the right pillar represents the leadership side of an organisation. Leadership will shape a

recognisable culture over time.

When leadership is founded in a clear vision and inspiring mission, the culture will be strong and it will have highly appreciated values that form good habits and lead to a behaviour that provides for excellent results. However, if leadership is weak, without a proper vision and less inspiring organisational goals, this pillar will crumble under unclear values, bad habits and unaccommodating behaviour. Results will follow in the same direction.

All of these pillars have a huge top down effect (indicated by the full lines in the model) and a much smaller bottom up effect (represented by the dotted lines).

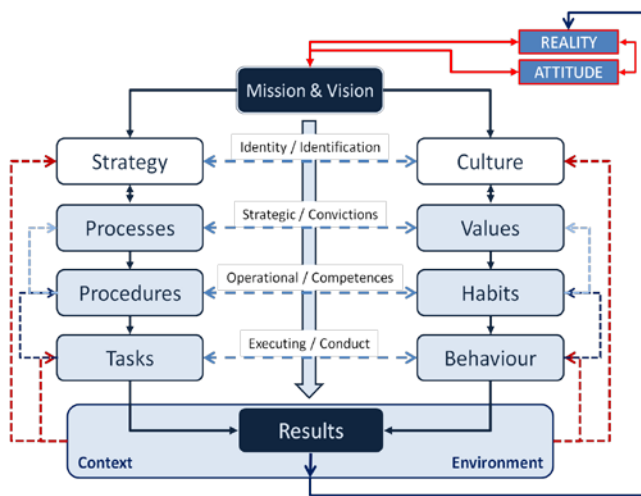


FIG. 1 ORGANIZATIONAL ALIGNMENT MODEL

Culture and strategy lead to individual efforts, which in turn create the results of an organisation. These results will be part of the organisation's context and they will only get their full significance when placed in the right perspective. The organisational alignment model shows how all these elements influence each other. It reveals the systemic loops that are present in any organisation. It is a way to increase the quality of perception on how an organisation functions.

Most of the time only the lower levels of the model (context, results, tasks and behaviour) will be considered on a daily basis. Some organisations also have paid a regular attention to competences or the design and application of explicit procedures, and nowadays successful organisations have become aware of the importance of core values, streamlined processes and an explicit mission and vision statement. The model shows why. However, only few organisations truly understand the reasons why all these elements are of great importance.

The above mentioned elements are mostly treated in a silo and simple context, which, for example, means that the relationship between a procedure and its tasks is understood, and the effect of behaviour on results is studied, or the effect of competences on conduct is managed, etcetera. But in reality, all these elements are linked and form systemic loops of interdependence and influence.

Individuals, strategy and (organizational) culture are three components interacting all the time. Culture and individual preferences will determine how a strategy is executed. Individual abilities and specific strategies will change culture. Strategy and culture will drive individuals to results. When these three components differ and are nonaligned, it becomes very difficult to obtain sustainable and successful results. On the contrary, when all is aligned, excellent results will follow almost effortlessly.

In a nonaligned state, the organisational alignment model will be full of balancing loops, countering each positive action with negative counteractions. When aligned, these balancing loops become reinforcing loops, enhancing processes, procedures and tasks, due to inspiring values, good habits and excellent behaviour, with outstanding results as a positive consequence.

The most important loop in the model is the one that shapes the quality of perception. It is the loop that links the results, their environment and context with the elements attitude and reality.

Attitude and reality by themselves form a systemic loop of interdependence. It is how reality has been experienced in the past that will shape the present attitude and this in turn determines the way how reality is looked at, comprehended and responded to. It is a closed loop and over time it develops what will be seen or not. It establishes the quality of perception and determines the vision and the mission of individuals, who in turn decide on the vision and mission of organisations.

The higher the quality of perception, the higher the level of self-leadership and risk management abilities is. When perceptions are aligned, it allows organisations to have a clear strategy and a supportive and inspiring culture, resulting in great success.

The KARAF® Model

The importance of the factors attitude and reality cannot be overrated. This is clear by the important role

played in alignment of organizations, but is also demonstrated in the KARAF® model for continuous improvement, which is illustrated in Figure 2. Every management method needs its continuous improvement model and for Total Respect Management, this is the KARAF® model.

This model is a universal model which can be used to improve anything or anyone. It describes the necessary and sufficient conditions that have to be met in order to improve. In total there are seven conditions that form systemic loops, which will allow improvement when applied.

The first two conditions, which act on a higher level of importance, are in fact attitude and reality. These are two conditions that will influence the five underlying conditions, who will provide the actual improvement. These five conditions are Knowledge, Action, Results, Analysis and Feedback. Together they form the acronym KARAF®. In this acronym you can relate Attitude to Action and Reality to Results. Results are always a part of reality and also the way action taken is the attitude with which one acts. Both conditions are of the utmost importance in this model. It is how the human factor is linked with improvement.

As shown in the model and indicated before, the conditions attitude and reality operate on a different level. In the model, this is illustrated by the ring that connects all of the underlying conditions. These are the elements to be looked at firstly, if improvement is to take place.

As the model is recursive, you can use it for the improvement of its own elements. Knowledge of reality is nothing more than the quality of perception. When acting to get a better understanding of reality, it is in fact improving the quality of perception. The loop which links attitude and reality will then also influence the factor 'attitude'.

Analysing the results of this process and feeding back what is discovered into a higher quality of perception will provide the first and very important improvement. Once attitude and reality are such that the perception reveals the need for improvement, the improvement process itself can start by filling in the remaining conditions in a closed loop system, as the model indicates.

The model is a toolbox, which can be packed with a wide variety of tools, each time differently, depending on what is required to obtain improvement. The model is just like a carafe. Each time it can be (re)filled

and used. The model stays the same, but the content can vary and can be adapted to the task at hand. Therefore, the model is universal in space and time. The KARAF® model is similar to a "black hole". It is a magnet for – and absorbs – all other "improvement" and "excellence" knowledge.

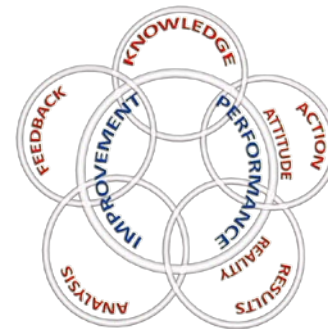


FIG. 2 THE KARAF MODEL

The model is not the (re)invention of "hot water" or "the wheel". It is much more the knowledge that warm water can be obtained in different ways and that there are many different kind of wheels, each adaptable to the task to fulfil. Therefore, the KARAF® model looks for the most appropriate "wheel" to use, and puts it to work properly. As a result, the model can be a "perpetuum mobile" of improvement for each individual or organisation.

Although any step of the process is a possible entry, the normal sequence would be to increase the quality of perception firstly and then look for the appropriate knowledge.

Knowledge has to be considered in the broad sense of the word. It incorporates academic as well as empiric knowledge, conscience as well as unconscious aptitudes. Acquiring the appropriate knowledge, adapted to what needs to be improved, is the first condition to be met in achieving improvement. Looking for the appropriate knowledge and a better use of knowledge already available, will therefore be paramount.

Action comprises everything that is related to what one does or refrains from doing. Not only what we do or don't, but also how we act and with which attitude we tackle things, is an important area of influence on performance. To act with the right attitude is the second condition that has to be fulfilled. Knowledge remains without effect, if the condition of action is not met.

Results is the part of the model which focuses on the consequences of our endeavours. A correct depiction

of the results and a profound understanding of reality is of the utmost importance to assess correctly these consequences. When this condition is not met, it is possible that the knowledge is not adapted to the situation and therefore the actions and attitudes can lead individuals and organisations to the wrong direction.

Analysis is a crucial part of the improvement process. It allows us to detect where improvement is necessary and possible. Analysis has to incorporate all elements of the model. With results and reality as a starting point, it is vital to check if knowledge, action & attitude, analysis itself and feedback are effective and efficient, and if they are tailored to the requirements. When this is not the case, it is difficult to attain a structured and continuous improvement process. Analysis, in any case, will lead towards new and extensive knowledge and expertise regarding the issue to be improved.

Without proper feedback, even a scrupulous analysis will become useless. Feedback, to some extent, is the collection of information coming from the third parties. However, it is also the integration of this knowledge, together with the know-how resulting from analysis, into our basic knowledge and abilities upon which improved actions and attitude will be based. Feedback makes sure that efforts for improvement become effective improvements and it is needed to make these improvements lasting.

Everything and everyone, also and certainly organisations, can be improved by the KARAF® model when applied correctly. If improvement is not a result from the application of this model, some of the conditions have not been fulfilled and will need improvement.

Conclusions

Total Respect Management is a systemic method to manage and lead organisations towards better results and an increased contribution to society. It is based on a specific understanding of the value and concept of respect. It respects the human factor, the economic reality and the environment, by having a dedicated and positive attention for leadership, (risk) management and excellence.

TR³M works through an increased quality of perception and alignment of individuals, culture and strategy within an organisation. It is a systemic

method that provides insight in the whole, the relationships that exist between its elements and the influences present.

The whole and all of its elements are continuously improved by employing the KARAF® model. In total, such an approach allows for excellent and sustainable results, produced by conscious contributing companies.

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Peter Blokland was born in Antwerp on August 8th, 1957. He became an officer and a pilot when he finished his studies at the Royal Military Academy in Brussels, Belgium, in December 1983 (Master in Military and Aeronautical sciences 119 TAW Promotion).

As a young pilot he flew F-16's at Kleine Brogel AB, which he left three years later, to become an instructor pilot at the Elementary Flying School. It is his first assignment as an educator. After his studies at the Defence College, he became a Staff Officer at Air Force Training Command, with a focus on basic flying training. This Staff tour was followed by a "flying" assignment as an Operations and Training officer at the Advanced Flying Training Wing at St Truiden AB. In 1996, Squadron Leader Peter Blokland had the privilege to be assigned Squadron Commander ("CO") of the 5th Sqn (Basic Flying Training). He has finished his military career at "SHAPE" the operational NATO HQ at Mons (in Belgium). As a staff officer in nuclear operations, he was involved in safety and security issues, operational training and communications.

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